



PSC NEWS

Missouri Public Service Commission

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SOUTHWESTERN BELL TELEPHONE COMPANY TO LOWER BASIC MONTHLY TELEPHONE RATES UNDER FILING APPROVED BY PSC

Jefferson City (November 6, 2001)---Residential and business customers of Southwestern Bell Telephone Company will experience a reduction in their basic monthly telephone rates under a filing approved by the Missouri Public Service Commission.

Under the filing, Southwestern Bell Telephone Company will reduce the basic monthly telephone rates of one-party residential customers by between 6 and 9 cents a month depending on the customer's rate group. One-party business customers will see basic monthly telephone rates drop by between 13 and 27 cents depending upon their rate group. In addition, mileage charges for various customers will be reduced as will Extended Area Service (EAS) rates for subscribing customers.

Southwestern Bell Telephone Company will also reduce the access charge rates or those rates that it charges long-distance carriers for access to the Southwestern Bell system to either originate or terminate a long-distance call. A drop in access charges could result in a reduction in long-distance rates for customers.

Southwestern Bell's filing is the result of legislation passed by the Missouri General Assembly in 1996 which granted more pricing flexibility to competitive telephone companies while ensuring that customers pay reasonable charges for their services (price cap regulation). **Under the state law, telephone rate changes must be filed with the Missouri Public Service Commission. The Commission then ensures that those changes comply with the law.**

The Missouri Public Service Commission determined on September 16, 1997, that Southwestern Bell Telephone Company met the standard to become price cap regulated in Missouri. Under state law, Southwestern Bell was eligible to become price cap regulated when it was determined by the PSC that an alternative local exchange telecommunications company had been certified to provide basic local telecommunications service and was providing that service in any part of Southwestern Bell's service territory.

Under price cap regulation, Southwestern Bell's basic local telephone rates were frozen until January 1, 2000. After that date, prices could increase or decrease annually according to two relatively conservative government price indexes, which are based on the prices of telephone service throughout the country.

The rate changes will take effect on December 1, 2001. Southwestern Bell Telephone Company serves approximately 2.7 million telephone customers in Missouri.

